

Why Kanagawa?

Business Environment & Investment Incentives



International Business Group
Investment Promotion and International Business Division
Industry Department
Industry and Labor Bureau
Kanagawa Prefectural Government

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Leading the way in adopting Western culture, Japan's modernization began here. Located the ideal distance from Tokyo, Kanagawa retains its own unique appeal. Rich natural environments from the shores of Shonan to the mountains of Hakone. Rail and highway networks encompassing the Tokyo Metro Area. And now, with the new investment incentive program, "Select Kanagawa 100," KANAGAWA will shine even brighter!





Welcome to Kanagawa Prefecture

Forming a mega-market with the bordering capital city of Tokyo, Kanagawa Prefecture itself boasts a population exceeding 9.1 million. It is home to a high concentration of R&D facilities and offices of multinational corporations, as well as many small- and medium-sized businesses with exceptional technological capabilities.

In addition to an expansive and well-developed highway and rail network, Kanagawa also offers extensive urban facilities and industrial infrastructure, including the international trading ports of Yokohama, Kawasaki, and Yokosuka, with Haneda International Airport located nearby.

Kanagawa is also blessed with a lush natural environment of verdant mountains and picturesque coastlines, and features numerous sightseeing spots which encapsulate all of Japan's charms. These include the international port city of Yokohama, the historic and culturally vibrant ancient samurai capital of Kamakura, and Hakone, the international tourist destination known for its hot springs and magnificent scenery of Mt. Fuji.

In summary, Kanagawa is a very convenient and extremely attractive area not only for business, but for daily life as well, providing an environment that is ideal for multinational companies to locate.

Kanagawa Prefecture aims to continue developing industrial bases open to Asia and the world, and hopes to attract cutting-edge companies from around the world in order to create innovation through collaboration with the companies already clustered here. In order to encourage overseas companies to "select" Kanagawa as a base for their business operations, the "Select Kanagawa 100" program, incorporating a variety of investment incentives, was launched in April 2016.

Kanagawa Prefecture hopes that you will take this opportunity to learn more about its excellent business environment, and actively consider taking advantage of "Select Kanagawa 100" for your business development in Kanagawa.



Governor of Kanagawa Prefecture

黒岩祐治

Yuji Kuroiwa

Kanagawa Prefecture: Vital Statistics

Population As of March 2016.

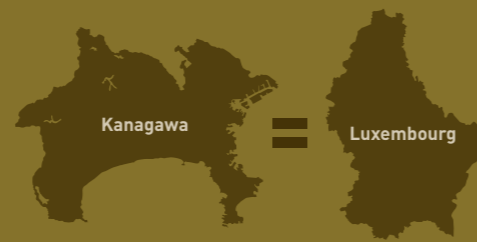
9.1 million



Japan's population: 127 million
 No. 2 out of 47 prefectures
 Comparable to the population of Austria (8.5 million) and Sweden (9.8 million)

Area As of October 2015.

2,415 sq. km
 (932.2 sq. mi.)

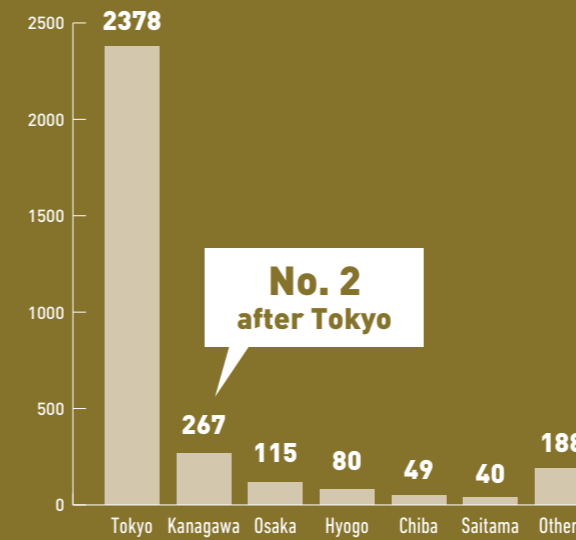


No. 43 out of 47 prefectures
 (5th smallest prefecture)
 Comparable to Luxembourg (2,586 sq. km)

Number of Foreign-affiliated Firms

267

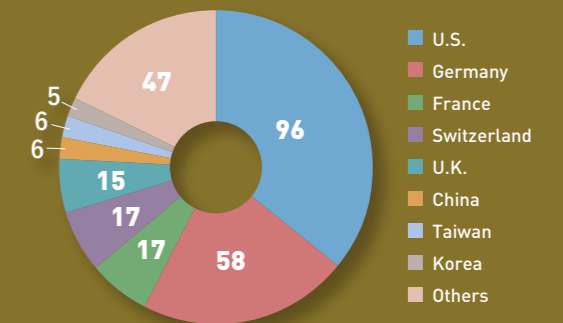
Number of Foreign-affiliated Firms



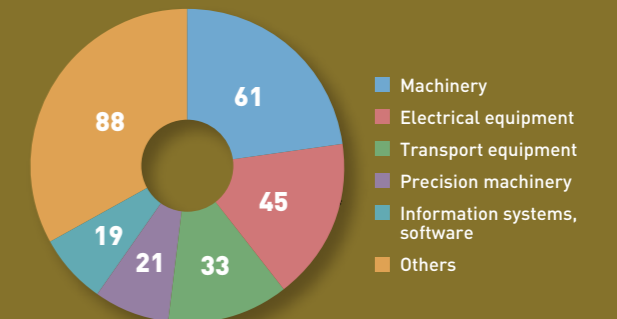
[Source: Toyo Keizai Inc. "Directory of Foreign-owned Companies in Japan 2015"]

Foreign-affiliated Firms Located in Kanagawa Prefecture

By Region



By Industry



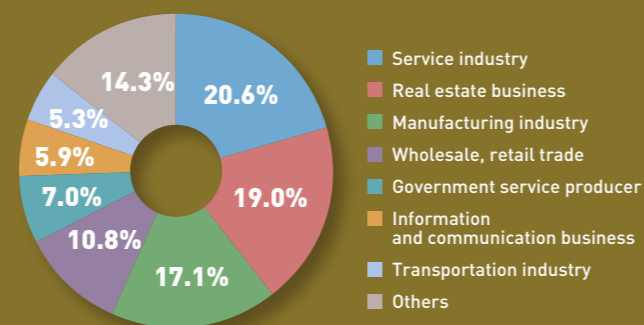
Size of Economy [Source: FY2013 Kanagawa Prefecture Report on Prefectural Accounts]

Prefectural GNP of
¥30.22 trillion
 (approx. \$301.5 billion)

(\$1=¥100.23)

Comparable to Malaysia (\$313.2 billion) and Singapore (\$297.9 billion)

Industrial Composition Ratio



Tourism

In Kanagawa Prefecture, major cities such as Yokohama coexist with tourist destinations such as Kamakura and Hakone, and the abundant natural beauty of Tanzawa Mountains and the Miura Peninsula. More than 2.2 million overseas tourists visit the prefecture annually.



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Corporate Clusters

Large multinational corporations such as Nissan Motors, Fuji Xerox, Sony, and Takeda Pharmaceutical have also established bases in Kanagawa Prefecture. As a particularly large number of research labs are situated in Kanagawa Prefecture, companies are able to collaborate in cutting-edge technologies.

Automobile and Machinery Industries



1 Nissan Motor Co., Ltd. (Atsugi)

- Bosch Corporation (Yokohama)
- Daimler AG (Kawasaki)
- Isuzu Motors Limited (Fujisawa)
- NHK Spring Co., Ltd. (Yokohama)
- Mitsubishi Fuso Truck and Bus Corporation (Kawasaki)
- The Yokohama Rubber Company, Limited (Hiratsuka)
- Ichihoh Industries, Ltd. (Isehara)
- Yorozu Corporation (Yokohama)
- Continental Automotive Corporation (Yokohama)

Energy, Environmental and Material Industries



2 Showa Shell Sekiyu K. K. (Atsugi)



3 Fujifilm Corporation (Kaisei-machi)

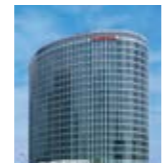


4 Ulvac, Inc. (Chigasaki)

Electronics, Computers and Information Technology



5 Sony Corporation (Atsugi)



6 Fuji Xerox Co., Ltd. (Yokohama)



7 Ricoh Company, Ltd. (Ebina)



8 Fujitsu Limited (Kawasaki)

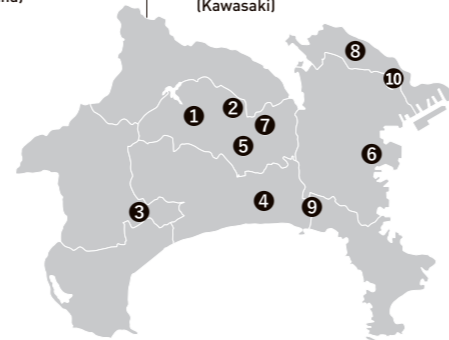
Biotechnology and Life Science Industries



9 Takeda Pharmaceutical Company Limited (Fujisawa and Kamakura)



10 Ajinomoto Co., Inc. (Kawasaki)



5

Comfortable Living Environment

Kanagawa Prefecture is home to 12 international schools. There are also 35 medical facilities in the prefecture which have instituted a system offering medical interpretation by a network of volunteers. This environment allows representatives from overseas and their families to feel at ease in their daily lives.



The German School of Tokyo Yokohama (Yokohama City)

International Schools in Kanagawa Prefecture

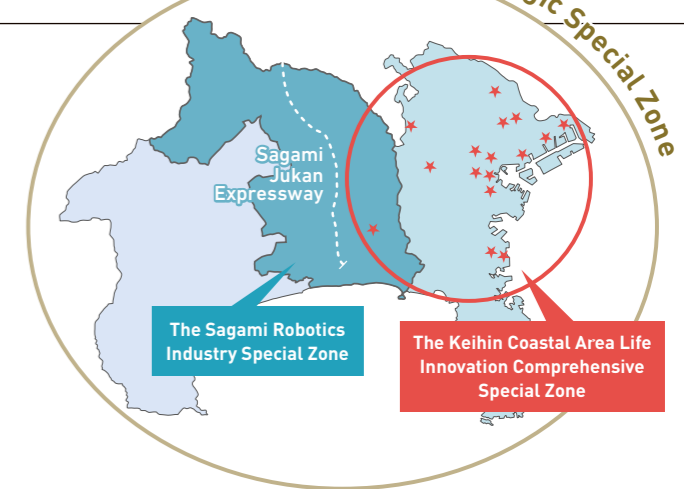
Municipality	Name of School	Address
Yokohama	Tsurumi Korean Primary School	10, Ono-cho, Tsurumi-ku, Yokohama
	Horizon Japan International School	1-38-27, Higashiterao, Tsurumi-ku, Yokohama
	Kanagawa Korean Middle and High School	21, Sawatari, Kanagawa-ku, Yokohama
	Yokohama Korean Primary School	21, Sawatari, Kanagawa-ku, Yokohama
	St. Maur International School	83, Yamate-cho, Naka-ku, Yokohama
	Yokohama International School	258, Yamate-cho, Naka-ku, Yokohama
	Yokohama Yamate Chinese School	2-66, Yoshihama-cho, Naka-ku, Yokohama
	Yokohama Chinese School	142, Yamashita-cho, Naka-ku, Yokohama
	India International School in Japan	3-23, Kirigaoka, Midori-ku, Yokohama
	German School of Tokyo Yokohama	2-4-1, Chigasaki-Minami, Tsuzuki-ku, Yokohama
Kawasaki	Kawasaki Korean Primary School	2-43-1, Sakuramoto, Kawasaki-ku, Kawasaki
	Nambu Korean Primary School	1116-4, Suenaga, Takatsu-ku, Kawasaki

+

Kanagawa Initiatives Driving the Local Economic Engine

3 Special Zones

The National Strategic Special Zone



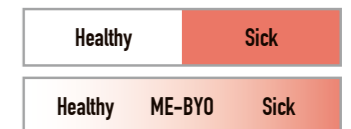
Kanagawa Prefecture has three special zones: the National Strategic Special Zone covering the entire prefecture, the Sagami Robotics Industry Special Zone centered on the Sagami Jukan Expressway, and the Keihin Coastal Area Life Innovation Comprehensive Special Zone centered around Yokohama and Kawasaki.

Healthcare New Frontier Policy Initiatives

In order to weather the rapid societal changes accompanying the arrival of a super-aged society, Kanagawa Prefecture has united the two approaches of "Curing ME-BYO" (improving preventative medicine) and pursuing advanced medical treatments and technologies to create new markets and industries that will provide the best healthcare outcomes and longevity in Japan.

● Curing ME-BYO—Improving Preventative Medicine

The philosophy behind Eastern medicine includes the concept that there are gradations between health and illness. In this approach, lifestyle habits are improved before illness manifests in order to maintain health.

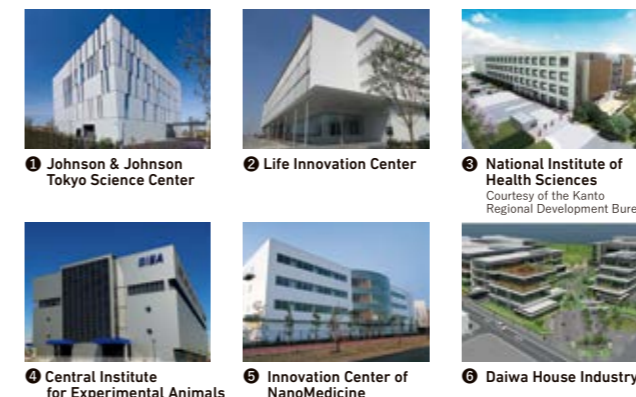
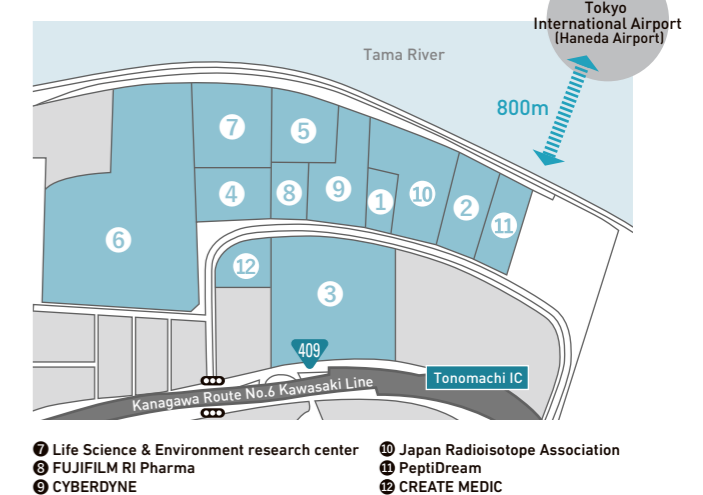


● Pursuing Advanced Medical Treatments and Technologies

Japan leads the world in basic research in many fields, including iPS stem cells. Kanagawa Prefecture is promoting steps to quickly turn the results of this basic research into revolutionary drugs, medical equipment, and regenerative medical products for practical application as well as to foster the growth of these industries.

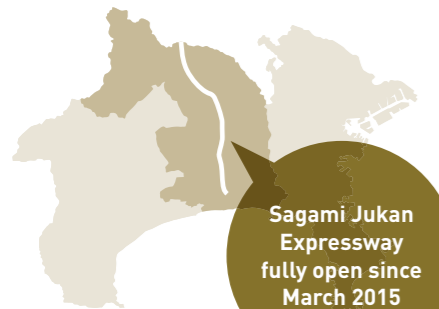
Development by prominent life innovation companies and research institutes is already underway at King Skyfront in the Tonomachi area of Kawasaki Ward, Kawasaki City. Thanks to its excellent access to Haneda Airport, King Skyfront aims to become one of the world's leading R&D hubs for life sciences and environmental technologies.

Tonomachi International Strategic Zone KING SKYFRONT



Initiatives in the Sagami Robotics Industry Special Zone

A variety of incentives such as tax relief, relaxed regulations, and subsidies are provided for businesses developing robots in the Sagami Robotics Industry Special Zone. Kanagawa Prefecture aims to improve safety and peace of mind in the area through expansion of the robotics industry and advances in the practical applications of life-support robots.



- ✓ Approximately 50% of R&D workers in the Prefecture are clustered here
- ✓ Public institutions and facilities suitable for testing and experimentation
- ✓ Concentration of the best robotics-related industries in the nation
- ✓ Dazzling and unique technologies

○ Various robots have already been commercialized, including:



Active Robo SAM
 (Kowatech Co., Ltd.)

This robot is driven by pneumatically-operated artificial muscles, enabling remote control of construction equipment.



PALRO
 (Fujisoft Inc.)

This is a humanoid communication robot equipped with artificial intelligence.

○ The Special Zone's Symbolic Institution



Shonan ROBOCARE Center Inc.

The Center contains a training facility that incorporates HAL, the world's first cyborg-type robot which can support, improve and even enhance a wearer's physical capabilities. The Center also boasts the ROBO Terrace exhibit, one of the best places in Japan for visitors to learn about, interact with, and purchase advanced robotic assistive technologies.

National Strategic Special Zone

National Strategic Special Zones are a cornerstone of Japan's efforts to fundamentally overhaul its current economic regulatory system. Through economic reforms, a focus on competitiveness in the global industrial market, and intensive implementation of comprehensive new policies, they will serve as a base for internationally-oriented commerce and economic activity.

As of May 2014, all of the regions in Kanagawa Prefecture were designated by the national government as a Special Zone, and they are now accordingly designing and implementing various types of regulatory reforms.

SELECT

KANAGAWA

100



What is Select Kanagawa?

Select Kanagawa is the slogan for Kanagawa Prefecture's investment promotion plan which aims for companies to choose Kanagawa and concordantly expand their operations within the prefecture.

Companies investing in Kanagawa are supported through various means, including subsidies, tax breaks, and low interest financing totaling up to 1 billion yen.

Our goal is to recruit 100 investments from domestic and foreign companies over the 2015 to 2018 fiscal year period.

- Companies are supported by up to 1 billion yen in combined subsidies for land, facilities, and industrial equipment, financial assistance for office rentals, real estate acquisition tax reductions, and low interest financing etc.
- Advice regarding setting-up in Kanagawa, necessary procedures and paperwork, and other questions can all be quickly and effortlessly handled through streamlined services.
- Additional support is offered for foreign companies establishing a presence in Kanagawa.
- We also collect and distribute real estate information, and offer matching services to help you find the best location for your business.

1	Investment Promotion Subsidy	<p>Eligibility business development from outside the prefecture, with additional incentives offered for businesses utilizing special zones, etc.</p> <ul style="list-style-type: none"> ● A fixed percentage of investments (excluding consumption tax) in land, buildings, and equipment will be subsidized up to the maximum allowable amount. ● Subsidy amount : 5% of the investment, up to ¥500 million (\$ 4.55 million). However, if the special zone system is utilized, this rises to 10% of the investment, up to ¥1 billion (\$ 9.09 million).
2	Tax Benefit	<p>Eligibility business development by firms from outside the Prefecture or reinvestment by firms inside the Prefecture</p> <ul style="list-style-type: none"> ● Real estate acquisition taxes will be reduced by 50%
3	Low Interest Financing <small>(Small- Medium-sized Businesses Only)</small>	<p>Eligibility business development by firms from outside the Prefecture or reinvestment by firms within the Prefecture (additional incentives for businesses using the special zone system)</p> <ul style="list-style-type: none"> ● Prefectural subsidies to financial institutions make it possible for the above firms to receive financing from such financial institutions at lower interest rates than usual. Also, the terms for financing are fixed/long-term. ● Financing amount : ¥1 billion (\$ 9.09 million) max. However, this is limited to 80% of project costs, and a financing term of not more than 15 years (including a grace period of up to 2 years). ● Interest Rate : 0.9% or lower for the first 5 years, and 1.2% or lower from the 6th year onward.
4	Rent Subsidy	<p>Eligibility business development by firms from outside the Prefecture (additional incentives offered when utilizing special zones, etc.) or reinvestment by firms within the Prefecture (foreign firms only)</p> <ul style="list-style-type: none"> ● Subsidy period : 6 months (from the start of operations) ● Subsidy amount : One-third of monthly rent (excluding consumption tax, deposits, and key money), ¥6 million (\$ 54,550) max. However, if the special zone system is utilized, half of monthly rent costs will be subsidized, up to a maximum of ¥9 million (\$ 81,820). (Excludes B below, hydrogen power plants; and C below, Hotels.)

Additional incentive systems are available for firms planning to utilize the special zone system for business development.

- A When utilizing the special zone system for business development.
- B When conducting R&D or manufacturing for thin-film solar batteries, or establishing a hydrogen power plant.
- C For hotels, in addition to the specific requirements described below, when the average guest room floor space is more than 40 sq. meters (430 sq. ft.) and the limousine bus terminal is provided

Requirements for Approval

[General Requirements]

- Prior to project start (must be before the contract date for land or buildings, etc.).
- **Eligible industries:** ME-BYO industries, robotics industries, energy-related industries, tourism-related industries, advanced industries (advanced materials-related industries, advanced medical industries, IT/electronics-related industries, and transport equipment/machinery-related industries)
- **Eligible types of business:** manufacturing, electrical industries (restricted to power plants), information/communications, wholesalers (restricted to fabless companies), retailers (restricted to duty-free shops), academic research, professional/technical services, hospitality (restricted to hotels), amusement (restricted to theme parks)

* The overall determination of an eligible industry or business type is made based on finished goods manufactured in the facility, and client base, etc. Please consult the Investment Promotion and International Business Division for details.

[Specific Requirements]

	All business types (excluding hotels)	Hotels
Minimum Investment Amount	Large firms: ¥2 billion (\$18.2 million), Small-medium-sized firms: ¥50 million (\$455 thousand)	-
Minimum Full-time employment	Large firms: 50 employees, Small-medium-sized firms: 10 employees	-
Other	Retailers must receive a permit for a bonded warehouse under Article 42 of the Customs Act	<ul style="list-style-type: none"> ① 100 or more guest rooms ② Average guest room floor space of 20 sq. meters (215.3 sq. ft.) or more ③ Must meet the hotel facilities standards under the International Tourism Hotel Preparation Law (registration required when starting operations) ④ Must meet the requirements for installation of a JNTO-certified Foreign Tourist Information Center (installation required when starting operations)

Support Menu for Foreign Firms

One-stop Service

Kanagawa Prefecture, in collaboration with the Japan External Trade Organization (JETRO), local (city, town and village) authorities, and affiliated agencies, offers consultations for foreign firms about advancing/establishing a base of operations in Kanagawa Prefecture. Assistance is also provided for procedures necessary for establishing a company, such as corporate registration, visa applications, and choosing an office.

Support for foreign companies as needed

Kanagawa Prefecture Business Environment Guide Program

▶ See next page

A support menu is available for foreign firms considering Kanagawa Prefecture as a candidate for expanding their business. The menu includes assistance with costs for consultation with specialists, tours of potential expansion sites, and other services.

Free Startup Office

Office space for starting up (Kanagawa Business Support Center (IBSC Kanagawa)) is rented free of charge for 50 business days to foreign firms.



Low Cost Rental Office

Offices for business development by foreign firms are rented at competitive prices for up to three years. (Area: approx. 17-22 sq. meters (183-237 sq. ft.), Monthly rent: approx. ¥47,000-60,000 (\$ 427-545))



Foreign Firm Setup Support Program

▶ See next page

For foreign firms establishing a base in the Prefecture, subsidies are provided for half of following costs from ① through ④. (Up to ¥2 million (\$ 18,180))

- ① costs for obtaining residency status,
- ② costs for establishing a base of operations and various filing fees,
- ③ costs of recruiting staff,
- ④ interpretation/translation costs for carrying out ① through ③

Rent Subsidy

Requirements for establishing offices in the Prefecture are reduced for foreign firms, such as requiring only a minimum of 5 full-time employees (of which at least 3 must be Japanese citizens or permanent residents). The amount of the rent subsidy is one-third of the monthly rent for the first 6 months, up to ¥6 million (\$ 54,550). However, if the business plans to utilize the special zone system, half of monthly rent, up to ¥9 million (\$81,820), will be subsidized.

PR at the time of expansion into Kanagawa

Press Releases

After establishing a company with support from the prefecture, the Prefecture will issue press releases featuring the company profile and provide support for PR activities.

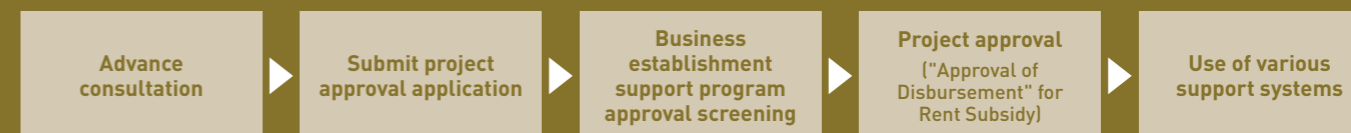
Follow-up support after the initial expansion into Kanagawa

Support Seminars for Foreign-affiliated Firms

As part of the support offered after a business establishes itself in the Prefecture, various events will be held, including networking events and seminars on the next steps post-establishment.



How to Use Select Kanagawa 100



Kanagawa Prefecture's Business Environment Guide Program

1 Eligible Firms

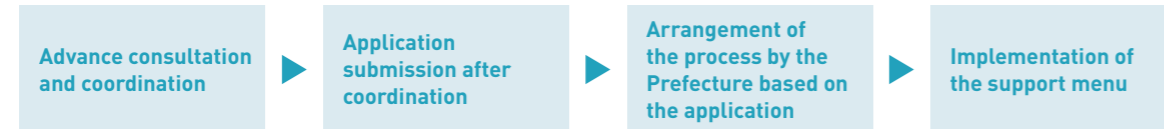
Foreign firms considering Kanagawa as an expansion target

2 Support Menu

- A guided tour of potential expansion sites in Kanagawa
- Introduction of potential partners including companies, research institutes, etc.
- Introduction of housing, schools, and other locations
- Arranging business meetings
- Announcement/Attendance of business exhibitions
- Consultation costs (up to 2 hours per expert) for experts (judicial scriveners, tax accountants, certified public accountants, notary publics, etc.)
- Interpretation costs when using the above support menu

* Decisions regarding the support menu are based on advance coordination.

3 How to Use



* Prefectural staff will accompany applicants throughout the process.

Please contact the Investment Promotion and International Business Division for details.

Foreign Firm Setup Support Program

1 Eligible Firms

Foreign firms that meet the following requirements

- (1) Greater than one-third foreign ownership
- (2) Expanding into Japan for the first time and establishing a Japanese subsidiary or branch in Kanagawa Prefecture
- (3) Engaged in any of ① ME-BYO industries, ② robotics industries, ③ energy-related industries, ④ tourism-related industries, ⑤ advanced materials-related industries, ⑥ advanced medical industries, ⑦ IT/electronics-related industries, or ⑧ transportation equipment/machinery industries
- (4) Intend to conduct business in Kanagawa Prefecture for 2 or more years

2 Expenses Eligible for Subsidies

- (1) Costs for acquiring resident status
- (2) Filing costs for incorporating, etc.
- (3) Recruitment costs
- (4) Interpretation/translation costs for (1) to (3)

3 Amount of Subsidies

Half of expenses eligible for subsidies (¥2 million (\$18,180) max.)

4 Subsidy Disbursement Process



Please contact the Investment Promotion and International Business Division for details.

Kanagawa Prefectural Overseas Offices

The activities of Kanagawa overseas office staff are centered on the following two main duties.

Promoting Foreign Investment

Holding Kanagawa investment seminars abroad, spreading information about Kanagawa Prefecture's business potential, and providing local support for foreign companies to start businesses in the Prefecture.

Overseas Expansion Support for Kanagawa-based Companies

Providing support for Kanagawa-based companies to expand overseas, such as assistance with business meetings and trade fair exhibits, as well as gathering information on trade.

Singapore Office

Area in charge

Southeast Asia, India, etc.

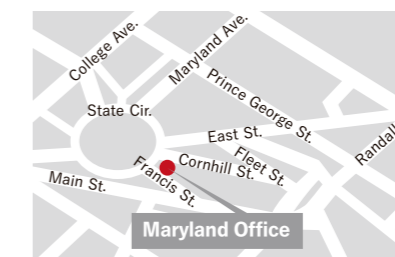


JETRO Singapore Kanagawa Division
16 Raffles Quay, #38-05 Hong Leong Building,
Singapore 048581
Tel : +65-6221-8174
Fax : +65-6224-1169

Maryland Office

Area in charge

U.S.A., Canada, Mexico



Kanagawa Office in Maryland
c/o Office of the Secretary of State,
16 Francis St., #321, Annapolis,
MD 21401 U.S.A.
Tel : +1-410-216-7920
Fax : +1-410-216-7922

Dalian Office

Area in charge

China, Taiwan



Dalian Grand Continent
International Hotel #612
18 Shengli Square, Zhongshan Ward,
Dalian, 116001 P.R. China
Tel : +86-411-8230-1906
Fax : +86-411-8230-8296

Kanagawa Prefectural Government

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